

# California Board of Accountancy

July-September 1998 ★ Issue No. 39



Diane M. Rubin, CPA  
President

## President's Message

I recently had lunch with two long-time CPAs, individuals who have been in the practice of public accounting for many years. Both of them voiced their concerns about the new commission statute and whether it would diminish the stature of the profession and would somehow compromise objectivity and integrity. As a matter of fact, the concerns they expressed were identical to the issues this Board and lawmakers explored during the two years the subject of commissions was under discussion. Ultimately, after incorporating consumer protection safeguards recommended by this Board, lawmakers passed the commission legislation and sent it to the Governor for signature.

When Senate Bill 1289 (Calderon) becomes effective on January 1, 1999, California will be one of 32 states that allow licensees in public practice to accept commission-based compensation, subject to certain limitations and requirements. Referral fees will not be permitted. Licensees accepting commissions will be required to provide clients with written consumer disclosure information, such as the amount of the commission or the basis upon which it was computed. *(Please see pp. 4-5 of this publication for additional information regarding commissions.)*

As regulators, we recognize our responsibility to step into the arena of drafting regulations that better ensure consumer protection, precisely spell out the conditions under which commissions may be accepted, and clarify the quality of communication which must take place between the practitioner and the client. In reality, California's new commissions law mandating disclosure provides opportunities for improved client-practitioner communication, the purpose of which is both enhanced consumer protection and client confidence.

*(Please see President's Message, page 2)*

*What to look for in this issue . . .*

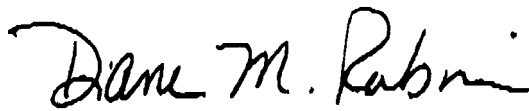
|   |    |
|---|----|
| News to You .....   | 3  |
| Appointments to the Board .....                                       | 4  |
| Accepting Commissions .....   | 4  |
| Text of Business and Professions Code, Section 5061 (Commissions) ... | 5  |
| The Probationary Process: Before, During, and After .....             | 6  |
| Two for One: Possible PC&E Credit .....                               | 7  |
| The Committee on Professional Conduct .....                           | 7  |
| RQM Results Annual Report .....                                       | 8  |
| It's All in the Numbers .....   | 13 |
| Disciplinary Actions .....  | 15 |
| Other Board Actions .....   | 17 |
| Future Meetings Schedule .....  | 18 |
| Disciplinary Terminology .....  | 18 |

U  
P  
D  
A  
T  
E

*President's Message, continued from page 1*

It is important to recognize that licensees may not accept any type of commission until the statute goes into effect. Board regulations providing further guidance about commissions are currently being drafted; licensees will receive a copy of the draft language when the regulation notice is published. This is scheduled to occur in October 1998.

The cornerstones of the public accounting profession are objectivity, integrity, and independence. These tenets of the profession will remain constant irrespective of periodic changes in the law. Indeed, it is these qualities which have earned the profession an enviable reputation and the trust of the public. True, the method of compensation for work performed has been expanded. But the profession's Code of Professional Conduct will still apply and must not be compromised.



*Diane M. Rubin, CPA  
President*

#### **Policy of Nondiscrimination on the Basis of Disability and Equal Employment Opportunity**

The California Board of Accountancy does not discriminate on the basis of disability in employment or in the admission and access to its programs and activities.

An Americans with Disabilities Act (ADA) Coordinator has been designated to coordinate and carry out this agency's compliance with the nondiscrimination requirements of Title II of the ADA. Information concerning the provisions of the ADA, and the rights provided thereunder, is available from:

ADA Coordinator  
California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, California 95815-3832

## Information

Each issue of **UPDATE** contains important information about the public accounting profession, including notices of proposed hearings on regulation changes, Board and committee meetings, proposed new regulatory language, and topical information about enforcement, examination, licensure, and continuing education issues. For ease of reference, we suggest that after you receive and read **UPDATE**, you place these issues in your professional library.

## Mission Statement

The mission of the Board of Accountancy is to protect the public welfare by ensuring that only qualified persons are licensed and that appropriate standards of competency and practice are established and enforced.

## Vision Statement

It is the vision of the Board of Accountancy to become the premier regulatory agency that operates with maximum efficiency, fosters continuous quality improvement, and provides exemplary consumer protection while recognizing the changing consumer demographics and nature of services provided by licensed professionals.

# News to You

*Issues of Interest  
to the Consumer  
and  
to the Practitioner*

## Legislation on Firm Registration

The Board is sponsoring provisions in Senate Bill 2239 by the Senate Business and Professions Committee to update the laws on firm registration. The revisions provide for enhanced consumer protection and eliminate outdated restrictions on firm names to allow accountancy firms greater flexibility in the choice of firm names.

This bill has passed the Senate and is awaiting action in the Assembly. If enacted during the current legislative session ending November 30, 1998, the provisions of SB 2239 will be effective January 1, 1999.

## Board Developing Regulations on Disclosure of Commissions

The Board's Committee on Professional Conduct is developing regulations to specify disclosure requirements for licensees who accept commissions. These regulations are required by SB 1289 which, commencing January 1, 1999, will allow licensees to accept commissions in specific situations involving nonattest clients. Licensees will receive the notice for these regulations in a special mailing this fall. For the text of SB 1289, please see page 4 of this issue of **UPDATE**. For more information about the provisions of this statute, please see page 5.

## Legislation on Volunteer Accounting Services

Assembly Bill 508 by Assembly Member Takasugi has been amended to authorize the Board to contract with a nonprofit organization, such as the Clearinghouse for Volunteer Accounting Services (CVAS), to coordinate volunteer accounting services in California. The Board supports the bill because it believes an organization such as CVAS provides valuable services that benefit the public.

The Board assisted CVAS in past years; however, statutory authority to provide assistance ended in 1995. If enacted during the current legislative session, AB 508 would reinstate the Board's authority to contract with CVAS and like organizations until January 1, 2004.

## Studies of the Education, Experience, and Continuing Education Requirements

In 1996, as part of the last Sunset Review, the Legislature mandated that the Board study its examination, experience, and continuing education requirements. In fulfillment of this mandate, the Board's continuing education study is nearly complete. Data for the study has been obtained from the continuing education reporting forms that have been included with license renewal packages to practitioners. In addition, information for the study has been obtained from a continuing education survey that the Board mailed to 1,300 licensees this spring.

In addition, as mandated by Sunset Review, a study of the education and experience requirements is currently underway. As part of this study, questionnaires recently were mailed to approximately 9,000 exam candidates, licensure applicants, and licensees. The Board received an excellent response to this survey, as well as to the previous continuing education survey.

The data from the studies will be incorporated into the Board's 1999 Sunset Review Report and also will be considered in making future policy decisions regarding regulation of the accounting profession.

On July 23, 1998, Governor Wilson announced two new appointments and a reappointment to the California Board of Accountancy.



**Donna McCluskey, CPA**, of San Francisco, is an audit partner with PricewaterhouseCoopers.

A Republican, Ms. McCluskey is a member of several professional and community organizations, including the American Institute of Certified Public Accountants, California Society of Certified Public Accountants, California Council for International Trade, California Independent Petroleum Association, Petroleum Accountants Society of San Francisco, World Affairs Council of Northern California, and the Commonwealth Club of California.

She earned her bachelor's degree in accounting from Portland State University.



**David Sharafatian**, of Los Angeles, will serve as a public member of the Board of Accountancy.

He is an associate with the law firm of Kehr, Crook & Fox, where he practices corporate and transactional law. Previously, he was vice president and operations manager for Mark VII Enterprises Inc., a real estate investment and management company.

Mr. Sharafatian has also served as a judicial extern for the United States Bankruptcy Court, Los Angeles Superior Court, and the California Court of Appeals.

A Republican, Mr. Sharafatian earned a bachelor's degree in political science from the University of California, Los Angeles, and a juris doctorate from Southwestern University School of Law.

**Harry E. "Mik" Mikkelsen** has been reappointed to the Board by Governor Wilson. Mr. Mikkelsen, current Vice President, has served on the Board since 1994. In 1997 he served as Secretary-Treasurer.

Mr. Mikkelsen resides in the Bay Area and is president and director of tax practice for Lautze and Lautze Accountancy Corporation. He has been a CPA since 1967. ★

## Accepting Commissions

Licensed accountants in public practice will be permitted to accept commissions in limited situations beginning January 1, 1999.

California's revision to Business and Professions Code Section 5061 will allow a licensed accountant to accept commission-based compensation for defined services, as long as the fees are disclosed in writing, and various prohibited services are not performed.

California's revision to Business and Professions Code Section 5061 incorporates many similarities to the AICPA's Rule 503 with some significant exceptions. The new California provisions still prohibit any fee or commission solely for the referral of a client to a third party, and California's disclosure rules will be more stringent, requiring that disclosure be in detailed written form.

The disclosure requirement provides for consumer protection. It clarifies that the disclosure must state the amount of the commission or the basis on which it will be computed. The disclosure also must identify the source of the payment and the relationship between the payment and the person receiving the payment, and it must be presented to the client at or prior to the time the recommendation of the product or service is made.

The Board is in the process of formulating regulations regarding commissions to provide guidance to licensees and to assure regulatory controls are in place to protect consumers. Licensees will receive the notice for these regulations in a special mailing this fall. Please see page 5 of this issue for the full text of Business and Professions Code Section 5061. ★



Section 5061. (a) Except as expressly permitted by this section, a person engaged in the practice of public accountancy shall not: (1) pay a fee or commission to obtain a client or (2) accept a fee or commission for referring a client to the products or services of a third party.

(b) A person engaged in the practice of public accountancy who is not performing any of the services set forth in subdivision (c) and who complies with the disclosure requirements of subdivision (d) may accept a fee or commission for providing a client with the products or services of a third party where the products or services of a third party are provided in conjunction with professional services provided to the client by the person engaged in the practice of public accountancy. Nothing in this subdivision shall be construed to permit the solicitation or acceptance of any fee or commission solely for the referral of a client to a third party.

(c) A person engaged in the practice of public accountancy is prohibited from performing services for a client for a commission or from receiving a commission from a client during the period in which the person also

performs for that client any of the services listed below and during the period covered by any historical financial statements involved in those listed services:

(1) An audit or review of a financial statement.

(2) A compilation of a financial statement when that person expects, or reasonably might expect, that a third party will use the financial statement and the compilation report does not disclose a lack of independence.

(3) An examination of prospective financial information.

(d) A person engaged in the practice of public accountancy who is not prohibited from performing services for a commission, or from receiving a commission, and who is paid or expects to be paid a commission, shall disclose that fact to any client or entity to whom the person engaged in the practice of public accountancy recommends or refers a product or service to which the commission relates.

(e) The board shall adopt regulations to implement, interpret, and make specific the provisions of this section including, but not limited to, regulations specifying the terms of any disclosure required by subdivision (d), the manner in which the disclosure

shall be made, and other matters regarding the disclosure that the board deems appropriate. These regulations shall require, at a minimum, that a disclosure shall comply with all of the following:

(1) Be in writing and be clear and conspicuous.

(2) Be signed by the recipient of the product or service.

(3) State the amount of the commission or the basis on which it will be computed.

(4) Identify the source of the payment and the relationship between the source of the payment and the person receiving the payment.

(5) Be presented to the client at or prior to the time the recommendation of the product or service is made.

(f) For purposes of this section, "fee" includes, but is not limited to, a commission, rebate, preference, discount, or other consideration, whether in the form of money or otherwise.

(g) This section shall not prohibit payments for the purchase of any accounting practice or retirement payments to individuals presently or formerly engaged in the practice of public accountancy or payments to their heirs or estates. ★

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## The Probationary Process: Before, During, and After

For the last three issues of **UPDATE**, we have published a series of articles informing licensees about the activities of the Board's Enforcement Division. In previous articles, we examined the origins of complaints, the processes by which those complaints are screened, how the Board conducts its investigations, the events that lead the Board's Executive Officer to file an Accusation against a licensee, and the resultant prosecution before the Office of Administrative Hearings. In this fourth and final installment, we examine the probationary process.

### Settlement

In our previous article on the process of prosecution, we noted that a licensee accused of violating the Accountancy Act may choose to avoid the cost and uncertainty of a hearing before an Administrative Law Judge by engaging in settlement negotiations with the Board.

The settlement negotiations are conducted between the licensee (or the licensee's legal counsel) and the Attorney General's Office, which acts as the Board's legal representative. In determining acceptable settlement terms, the Board considers several elements, including:

- Aggravating and mitigating factors relevant to the Accusation.
- The licensee's past disciplinary history, if any.
- Discipline imposed on other licensees for similar cases.
- The licensee's potential for rehabilitation.

In developing settlement terms, the Board utilizes guidelines published in its *Manual of Disciplinary Guidelines and Model Disciplinary Orders*. This publication (available at a cost of \$4 per copy) sets forth guidelines designed for use by Administrative Law Judges, attorneys, and others involved in the disciplinary process, and it is used as a starting point from which to develop specific disciplinary terms in individual cases. In virtually every disciplinary matter concluded by a stipulated settlement involving a period of license probation, the terms will include certain so-called "standard terms and conditions." These require:

- The licensee to obey all federal, state, and local laws, including those relating to the practice of public accountancy.
- Submission of periodic written reports by the licensee to the Board in a format and in accordance with a schedule prescribed by the Board.
- Personal appearances by the licensee before the Administrative Committee, subject to prior timely notification.
- Compliance in all respects with the terms of probation.
- The licensee's accountancy practice be open to investigation by a representative of the Board.
- An understanding that any out-of-state residence or practice shall not apply to reducing the licensee's probationary period.

In addition to these "standard terms," the conditions of probation may also include, as applicable, a period of suspension during which

the licensee is prohibited from practicing public accountancy, a requirement to make restitution to a complainant, a requirement to reimburse the Board for costs of investigation, a prohibition from performing certain types of engagements during the period of probation, and a requirement to retake and pass all or part of the Uniform CPA Examination.

### The Probation Period

After the Board formally adopts a disciplinary order requiring probation, the licensee begins a period of probation that typically lasts from three to five years, during which he or she must adhere to the specific terms of probation, as described above.

Probation provides an opportunity for licensees to demonstrate a desire to rehabilitate themselves. Most licensee-probationers complete their probationary periods successfully, and their licenses are fully restored. For some licensees, however, probation can be a stepping stone to revocation, because failure to adhere to all probation terms constitutes grounds for the Board to carry out the original order of revocation previously stayed by the probation.

If a licensee violates the terms of probation, revocation of the license will likely result.

Each issue of **UPDATE** publishes disciplinary actions taken against licensees. The disciplinary actions list the respondent's name, license number, the discipline imposed, the cause for discipline, and the statutes and regulations violated, as applicable. ★

## Two for One

### Possible PC&E Credit for Pre-Licensure Ethics Exam

All licensees are required to take the professional ethics exam as a prerequisite to licensure. Following licensure, all practitioners must meet the Board's continuing education requirement in professional conduct and ethics (PC&E), by taking a Board-approved course in this subject area every six years.

The Board recently reviewed the revised 1998 version of the professional ethics exam sponsored by the California CPA Education Foundation and accepted it as a Board-approved PC&E course. This approval will affect those individuals who take the 1998 version as part of their pre-licensure requirements, as

well as individuals who have obtained their California CPA license within the last three years.

Practitioners who became licensees in the past three years and completed a version of the ethics exam prior to the 1998 approved version may utilize their pre-licensure ethics exam to meet the PC&E continuing education requirement, if they fulfil the following conditions: 1) request the ethics supplement from the California Education Foundation; 2) certify to the Board that the supplement was read and the study questions were completed.

By doing so, the non-approved ethics exam will be considered equivalent to a PC&E course. Individuals who complete the 1998 approved version of the ethics exam as part of the licensing

process will also fulfil the PC&E requirement. In either case, the ethics exam will be considered equivalent to the completion of a PC&E course. Therefore, in accordance with the regulation, another PC&E course will not be required until six years after the expiration date of the first license issued.

When the PC&E obligation is satisfied prior to the license being issued, the hours for completing the ethics exam **cannot be used as continuing education** at the time of license renewal.

For more information about the revised ethics exam and the supplemental material, contact the California CPA Education Foundation at 800-922-5272, or the Board's renewal unit by facsimile at 916-263-3672, or by e-mail to [renewalinfo@cba.ca.gov](mailto:renewalinfo@cba.ca.gov). ★

## The Committee on Professional Conduct

The California Board of Accountancy convenes two policy committees, composed of only Board members: the Enforcement Program Oversight Committee (EPOC) and the Committee on Professional Conduct (CPC). The previous issue of **UPDATE**, No. 38, featured information about the EPOC. This article summarizes the history, composition, and activities of the CPC.

The purpose of the CPC is to provide information, guidance, and recommendations to the Board on emerging, complex issues facing the accounting profession, focusing on a consumer protection perspective. These meetings

provide a forum in which all aspects of complex policy issues can be presented and discussed.

The committee was formed in 1986 when the Board recognized the need to examine professional conduct issues because of the expanding range of services performed by licensees. In 1996, the CPC began meeting six times a year, the day before the Board meeting.

Currently, the CPC consists of four Board members: Robert Shackleton, who serves as Chair, Walter Finch, Harry E. "Mik" Mikkelsen, and Michael Schneider. Donna McCluskey was appointed to fill a vacancy created because Dick Poladian's tenure on the

Board has ended. Board President Diane Rubin also regularly attends CPC meetings.

During the last two years, the CPC has considered major policy issues such as nonlicensee ownership of CPA firms, commissions, contingency fees, the 150-hour educational requirement, and international and interstate reciprocity. For the upcoming Sunset Review, the CPC has been charged with reviewing the Board's licensure requirements and developing recommendations for presentation to the Legislature.

If you would like to receive future CPC meeting announcements and meeting agendas, please contact Aronna Granick of the Board's staff at (916) 263-3788. ★

## 8 RQM Results Annual Report

In accordance with Section 89.1 of the Accountancy Regulations, the Board maintains its Report Quality Monitoring (RQM) Program to survey competence of licensees in the public practice area.

For the second year in a row, the Board is publishing the latest program results in **UPDATE**. What follows is a synopsis of the 1996 RQM Results Report.

### Overview

Based on information submitted with their renewal forms, licensees are randomly designated for participation. Selected financial statements prepared and issued by licensees during the previous two years are reviewed and evaluated by the licensee members of the RQM Committee.

RQM Committee members evaluate the reports to determine the degree to which accounting and reporting standards are met. Licensees receive a *Report of Evaluation* stating and explaining any deficiencies found by the reviewer. If significant departures or deficiencies are noted, licensees are directed to submit another report prepared after completing appropriate continuing education. Statistics show that the subsequent financial statement reports of licensees who initially do not meet minimum standards improve significantly after completion of prescribed appropriate continuing education.

Because of the RQM Program's success, in 1996 the Board decided to expand the program. The number of licensees selected was increased from 30 to 50 per month. The program was also changed to focus on licensees who had not participated in an independent peer review. Criteria were revised to select 45 of the 50 licensees (90%) from those who have not had peer review, had less than "unqualified" results, or had not indicated whether they have had peer review. The remaining five licensees (10%) are selected from those who have had an unqualified peer review; they serve as a control group for the program.

Because the program expansion occurred mid-year in 1996, this report looks at the statistical information separately for each period, January through June (30 licensees per month) and July through December (50 licensees per month). In the second period, the data

is presented separately for the groups with and without peer review to allow comparison of the results.

### Review Process

When they are selected, licensees are asked to submit a report with related financial statements of the highest level rendered in the prior two years. The Committee's evaluations are based on the degree of compliance with established professional technical accounting principles and reporting standards. Consideration is given to report content and format, financial statement presentation and the adequacy of financial disclosures.

Reports are evaluated according to the following four categories:

|                          |  |
|--------------------------|--|
| Satisfactory<br>(Rate 1) | Conforms to applicable reporting standards.  |
| Acceptable<br>(Rate 2)   | Substantially conforms with applicable reporting standards. Contains one or more departures from applicable reporting standards or lacks disclosures that do not make the financial statements misleading.   |
| Marginal<br>(Rate 3)     | Varies from Generally Accepted Accounting Principles; may not include disclosures necessary for a fair presentation of the financial statements.   |
| Substandard<br>(Rate 4)  | Varies significantly from prescribed reporting standards; departs from Generally Accepted Accounting Principles; does not include disclosures necessary for a fair presentation of the financial statements. |

All reports receiving *Marginal* or *Substandard* evaluations are reviewed a second or third time by other committee members as necessary until a



consensus is reached regarding the rating. The staff program coordinator edits the evaluations for readability, then mails the results with a cover letter to the licensee. When a licensee receives a *Marginal* or *Substandard* evaluation, completion of continuing education courses in appropriate subject matter is recommended or mandated. The licensee is allowed up to six months to complete the education and then must submit another report. The next report must be the same level of service or higher, unless the licensee does not intend to issue such a report in the foreseeable future. As a result of this process, licensees generally show improvement on their subsequent work.

### 1996 Evaluation Results

|                           | January-<br>June | July-<br>December | Total      |
|---------------------------|------------------|-------------------|------------|
| Total licensees selected  | 180              | 330               | 510        |
| Waived*                   | 6                | 27                | 33         |
| Referred to Enforcement** | <u>3</u>         | <u>2</u>          | <u>5</u>   |
| Total to be reviewed      | 171              | 301               | 472        |
| Remain to be reviewed***  | 0                | 5                 | 5          |
| <b>Reviews completed</b>  | <b>171</b>       | <b>296</b>        | <b>467</b> |

\* Waived - Licensees are waived when they no longer issue reports, or they incorrectly indicate on their renewal that they issue reports.

\*\* Enforcement - All five cases were referred due to failure to submit a report.

\*\*\* Replacements for those waived were selected late; therefore, not all reviews were completed at the time of the report.

| Type of Report                  | January-<br>June | July-<br>December | Without<br>Peer<br>Review | With<br>Peer<br>Review |
|---------------------------------|------------------|-------------------|---------------------------|------------------------|
| Commercial                      | 131              | 237               | 214                       | 23                     |
| Government                      | 4                | 12                | 9                         | 3                      |
| Nonprofit                       | <u>36</u>        | <u>47</u>         | <u>45</u>                 | <u>2</u>               |
|                                 | 171              | 296               | 268                       | 28                     |
| Audits                          | 71               | 104               | 87                        | 17                     |
| Reviews                         | 52               | 55                | 50                        | 5                      |
| Compilations                    | 48*              | N/A               |                           |                        |
| Compilations with disclosure    | N/A*             | 99                | 94                        | 5                      |
| Compilations without disclosure | <u>N/A*</u>      | <u>38</u>         | <u>37</u>                 | <u>1</u>               |
|                                 | <b>171</b>       | <b>296</b>        | <b>268</b>                | <b>28</b>              |

\* Data regarding disclosures were not collected during the January-June period. The 48 compilations include both types. The July-December period separates compilations into two groups, with or without disclosures.

## Statistical Information

The following charts separate the statistical results into two periods, before (January through June) and after (July through December) the program expansion. For the second half of the year, statistics are available to compare compilation reports with and without disclosure.

### Results of Audits

| January-June                |                     |             | July-December       |             |                     |             |
|-----------------------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|
| Rate                        | Number of Licensees |             | Without Peer Review |             | With Peer Review    |             |
|                             |                     | %           | Number of Licensees | %           | Number of Licensees | %           |
| 1                           | 42                  | 59%         | 40                  | 46%         | 14                  | 82%         |
| 2                           | 20                  | 28%         | 30                  | 34%         | 3                   | 18%         |
| 3                           | 5                   | 7%          | 11                  | 13%         | 0                   | 0%          |
| 4                           | 4                   | 6%          | 6                   | 7%          | 0                   | 0%          |
| <b>Total</b>                | <b>71</b>           | <b>100%</b> | <b>87</b>           | <b>100%</b> | <b>17</b>           | <b>100%</b> |
| <b>Pass Rates 1 &amp; 2</b> | 62                  | 87%         | 70                  | 80%         | 17                  | 100%        |
| <b>Fail Rates 3 &amp; 4</b> | 9                   | 13%         | 17                  | 20%         | 0                   | 0%          |

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| January-June                |                     |             | July-December       |             |                     |             |
|-----------------------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|
| Rate                        | Number of Licensees |             | Without Peer Review |             | With Peer Review    |             |
|                             |                     | %           | Number of Licensees | %           | Number of Licensees | %           |
| 1                           | 17                  | 33%         | 14                  | 28%         | 1                   | 20%         |
| 2                           | 21                  | 40%         | 20                  | 40%         | 3                   | 60%         |
| 3                           | 8                   | 15%         | 8                   | 16%         | 1                   | 20%         |
| 4                           | 6                   | 12%         | 8                   | 16%         | 0                   | 0%          |
| <b>Total</b>                | <b>52</b>           | <b>100%</b> | <b>50</b>           | <b>100%</b> | <b>5</b>            | <b>100%</b> |
| <b>Pass Rates 1 &amp; 2</b> | 38                  | 73%         | 34                  | 68%         | 4                   | 80%         |
| <b>Fail Rates 3 &amp; 4</b> | 14                  | 27%         | 16                  | 32%         | 1                   | 20%         |

## Results of Compilations

| January-June     |                        |      | With Disclosure        |      |                        |      | Without Disclosure     |      |                        |      |
|------------------|------------------------|------|------------------------|------|------------------------|------|------------------------|------|------------------------|------|
|                  |                        |      | July-December          |      |                        |      |                        |      |                        |      |
|                  |                        |      | Without<br>Peer Review |      | With<br>Peer Review    |      | Without<br>Peer Review |      | With<br>Peer Review    |      |
| Rate             | Number of<br>Licensees | %    | Number of<br>Licensees | %    | Number of<br>Licensees | %    | Number of<br>Licensees | %    | Number of<br>Licensees | %    |
| 1                | 20                     | 42%  | 41                     | 43%  | 3                      | 60%  | 13                     | 35%  | 0                      | 0%   |
| 2                | 19                     | 40%  | 24                     | 26%  | 2                      | 40%  | 20                     | 54%  | 1                      | 100% |
| 3                | 6                      | 12%  | 24                     | 26%  | 0                      | 0%   | 3                      | 8%   | 0                      | 0%   |
| 4                | 3                      | 6%   | 5                      | 5%   | 0                      | 0%   | 1                      | 3%   | 0                      | 0%   |
| Total            | 48                     | 100% | 94                     | 100% | 5                      | 100% | 37                     | 100% | 1                      | 100% |
|                  |                        |      |                        |      |                        |      |                        |      |                        |      |
| Pass Rates 1 & 2 | 39                     | 82%  | 65                     | 69%  | 5                      | 100% | 33                     | 89%  | 1                      | 100% |
| Fail Rates 3 & 4 | 9                      | 18%  | 29                     | 31%  | 0                      | 0%   | 4                      | 11%  | 0                      | 0%   |

## Total of All Levels of Service

| January-June                |                     |             | July-December       |             |                     |             |
|-----------------------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|
|                             |                     |             | Without Peer Review |             | With Peer Review    |             |
| Rate                        | Number of Licensees | %           | Number of Licensees | %           | Number of Licensees | %           |
| 1                           | 79                  | 46%         | 108                 | 40%         | 17                  | 63%         |
| 2                           | 60                  | 35%         | 95                  | 35%         | 9                   | 33%         |
| 3                           | 19                  | 11%         | 46                  | 17%         | 1                   | 4%          |
| 4                           | 13                  | 8%          | 20                  | 8%          | 0                   | 0%          |
| <b>Total</b>                | <b>171</b>          | <b>100%</b> | <b>269</b>          | <b>100%</b> | <b>27</b>           | <b>100%</b> |
| <b>Pass Rates 1 &amp; 2</b> | 139                 | 81%         | 203                 | 75%         | 26                  | 96%         |
| <b>Fail Rates 3 &amp; 4</b> | 32                  | 19%         | 66                  | 25%         | 1                   | 4%          |

## Results by Size of Firm

| Number of<br>Licensees<br>in Firm | 1          | %           | 2<br>to<br>10 | %           | 11<br>to<br>50 | %           | 51<br>to<br>100 | %           | Over<br>100 | %           |
|-----------------------------------|------------|-------------|---------------|-------------|----------------|-------------|-----------------|-------------|-------------|-------------|
| Rate 1                            | 79         | 41%         | 34            | 40.5%       | 5              | 42%         | 1               | 100%        | 10          | 84%         |
| Rate 2                            | 71         | 36%         | 33            | 39%         | 7              | 58%         | 0               | 0%          | 1           | 8%          |
| Rate 3                            | 25         | 13%         | 13            | 15.5%       | 0              | 0%          | 0               | 0%          | 0           | 0%          |
| Rate 4                            | 19         | 10%         | 4             | 5%          | 0              | 0%          | 0               | 0%          | 1*          | 8%*         |
| <b>Total**</b>                    | <b>194</b> | <b>100%</b> | <b>84</b>     | <b>100%</b> | <b>12</b>      | <b>100%</b> | <b>1</b>        | <b>100%</b> | <b>12</b>   | <b>100%</b> |

\* This licensee may have incorrectly identified the size of firm on the renewal questionnaire.

\*\* Because the questionnaire did not request the firm size until June 1996, the total number of licensees represented on the "Results by Size of Firm" table is only 303 of the total 467 licensees reviewed.

## Observations

The overall results of the first half of the year continue to reflect the improved results of 1995. Results show 81 percent of licensees achieved a *Satisfactory* or *Acceptable* evaluation, while 19 percent received *Marginal* or *Substandard*, requiring further participation in the program. These percentages are identical to the results from 1995.

The second half of the year compares the results of licensees who have had an unqualified peer review with those who have not. At all levels of service, licensees without peer review have a higher percentage of *Marginal* or *Substandard* evaluations than those who have had peer review. *Satisfactory* and *Acceptable* evaluations account for 75 percent of licensees without peer review, compared to 96 percent of licensees with peer review. Of all the licensees who have undergone peer review, only one individual was evaluated less than *Acceptable*.

The RQM Program revision to select the majority of licensees from those who have not had a peer review appears to be warranted. This is because more licensees whose work products do not meet professional standards will benefit from the improvement demonstrated by the Board's Report Quality Monitoring Program.

There appears to be a direct relationship between evaluation results and size of firm. Ninety-two percent of licensees participating in the RQM Program are from small firms, and nearly two-thirds are sole proprietors. Firms with from one to 10 licensees receive 20 percent of their evaluation with a *Substandard* or *Marginal* rate, compared to only one evaluation (.3%) of firms larger than 100 licensees, and it appears that this one person incorrectly identified the size of the firm. ★



## A Statistical Review of Enforcement Program Activities

The objectives of the Board's Enforcement Program are to protect consumers, minimize substandard practice, rehabilitate licensees, and discipline licensees as warranted.

Staffed by professional Investigative CPAs, the Board's enforcement activities include investigating complaints against persons practicing without a license and taking disciplinary actions against licensees for violations of Board statutes, rules, and regulations. In addition, the program monitors compliance with continuing education requirements, and it actively reviews the work products of CPAs, PAs, and licensed firms to ensure compliance with appropriate accounting standards.

The Board's Enforcement Program continued its installation and modification of various recommended changes that were the product of the previous year's Business Process Reengineering (BPR) study and Sunset Review evaluation. Reengineering reduced process cycle times, enhanced customer service, improved quality of work, and reduced program costs. It also resulted in the development of standard criteria for case evaluation and the implementation of a complaint intake and evaluation process. Reengineering the review, evaluation, and prioritization of complaints upon receipt has improved the "turnaround" time in

completing investigations. Greater efficiency also has enhanced the quality of each investigation.

Newly implemented changes during 1996-97 included the use of program performance measures to evaluate trends and the overall success of the Board's enforcement efforts. Use of performance measures has allowed the Board and its management team to identify favorable and unfavorable changes in program results quickly and make timely adjustments where required.

What follows is a statistical overview of Enforcement Program Activity for fiscal years 1994-95, 1995-96, and 1996-97.

### Complaints Received Fiscal Years 1994-95, 1995-96, and 1996-97

|   | 1994-95    | 1995-96    | 1996-97    |
|---|------------|------------|------------|
| Licensed  | 456        | 324        | 479        |
| Unlicensed/Unregistered/Delinquent <sup>1</sup> | 319        | 446        | 333        |
| <b>Total</b>                                    | <b>775</b> | <b>770</b> | <b>812</b> |

<sup>1</sup>Includes licensees practicing with expired licenses.

### Complaints Referred to Investigators for Formal Investigation Fiscal Years 1994-95, 1995-96, and 1996-97

|  | 1994-95    | 1995-96    | 1996-97    |
|--|------------|------------|------------|
| <b>Licensed Investigations Opened</b>                |            |            |            |
| Contractual  | 0          | 0          | 0          |
| Fraud  | 75         | 18         | 17         |
| Competence/Negligence                                | 112        | 108        | 37         |
| Other  | 22         | 8          | 15         |
| Personal Conduct                                     | 3          | 3          | 11         |
| Product Quality                                      | 0          | 1          | 3          |
| Unprofessional Conduct                               | 238        | 139        | 49         |
| Unlicensed/Unregistered                              | 29         | 22         | 5          |
| Unlicensed Investigations Opened                     | 33         | 44         | 41         |
| <b>Total</b>   | <b>512</b> | <b>343</b> | <b>178</b> |
| <b>Licensed Investigations Pending as of 6-30-97</b> |            |            | <b>164</b> |

### Complaints Closed Without Going to Formal Investigation<sup>2</sup>

#### Fiscal Years 1994-95, 1995-96, and 1996-97

|              | 1994-95    | 1995-96    | 1996-97    |
|--------------|------------|------------|------------|
| Licensed     | 138        | 189        | 361        |
| Unlicensed   | 327        | 335        | 233        |
| <b>Total</b> | <b>465</b> | <b>524</b> | <b>594</b> |

<sup>2</sup>Statistics include cases closed after issuance of "cease and desist" letters or citations and fines without a formal investigation.

### Formal Investigations Closed Fiscal Years 1994-95, 1995-96, and 1996-97

|   | 1994-95    | 1995-96    | 1996-97                |
|---|------------|------------|------------------------|
| <b>Licensed Investigations Closed</b>   |            |            |                        |
| Fraud                                   | 78         | 16         | 26                     |
| Nonjurisdictional                       | 0          | 0          | 3                      |
| Competence/Negligence                   | 111        | 173        | 61                     |
| Other                                   | 40         | 11         | 8                      |
| Personal Conduct                        | 6          | 8          | 7                      |
| Product Quality                         | 0          | 0          | 2                      |
| Unprofessional Conduct                  | 208        | 148        | 80                     |
| Unlicensed/Unregistered/Delinquent      | 43         | 24         | 9                      |
| <b>Total</b>                            | <b>486</b> | <b>380</b> | <b>196</b>             |
| <b>Unlicensed Investigations Closed</b> | <b>34</b>  | <b>30</b>  | <b>42</b>              |
| <b>Grand Total</b>                      | <b>520</b> | <b>410</b> | <b>238<sup>3</sup></b> |

### Formal Investigations Pending as of June 30, 1995, June 30, 1996, and June 30, 1997

|              | 1994-95    | 1995-96    | 1996-97                |
|--------------|------------|------------|------------------------|
| Licensed     | 398        | 228        | 139                    |
| Unlicensed   | 13         | 23         | 25                     |
| <b>Total</b> | <b>411</b> | <b>251</b> | <b>164<sup>3</sup></b> |

<sup>3</sup>Reduction in Formal Investigations Closed and Formal Investigations Pending is due to a lower investigation backlog resulting from increased program efficiencies through reengineering.

### Actions Filed Fiscal Years 1994-95, 1995-96, and 1996-97

|   | 1994-95   | 1995-96   | 1996-97    |
|---|-----------|-----------|------------|
| Accusations/Petitions to Revoke Probation | 31        | 28        | 48         |
| Statements of Issue                       | 0         | 0         | 0          |
| Citations                                 | 58        | 62        | 125        |
| Criminal Actions                          | 1         | 7         | 3          |
| Civil Actions                             | 0         | 1         | 0          |
| <b>Total</b>                              | <b>90</b> | <b>98</b> | <b>176</b> |

## Disciplinary Actions

The disciplinary process has many steps. When a complaint is received by the Board, a thorough investigation is conducted under the auspices of the Board's Administrative Committee. Information regarding a complaint generally is gathered by staff Investigative CPAs, often accompanied by a licensee's appearance before the Administrative Committee. In some cases, information is gathered by the Department of Consumer Affairs' Division of Investigation. Following the investigation and review by the Administrative Committee, a recommendation is made either to close the case for lack of evidence, or to refer the matter to the Attorney General for review and preparation of an Accusation against the licensee.

If charges are filed against a licensee, a hearing is held before an independent administrative law judge, who submits a proposed decision to be considered by the Board of Accountancy. The Board either may accept the proposed decision or decide the matter itself. In many instances, licensees enter into a stipulated disciplinary settlement agreement with the Board, in lieu of going to hearing.

You may request a copy of the Accusation and Decision regarding any of these disciplinary actions by sending a written request to the Board office, Attention: Disciplinary Actions. You must state the licensee's name and license number. Please allow approximately three weeks for receipt.

### BOARD ACTIONS 5/9/98 through 9/23/98 *Revocation of CPA Certificate*

| Name   | Cause for Discipline  | Code Violation(s)   |
|--|---|---|
| <b>BOLEN, COYLE STEVEN</b><br>Encino, CA (CPA 16068)<br><br><b>Revocation of CPA Certificate,</b><br>via stipulated settlement.<br><b>Effective August 28, 1998.</b> | For purposes of settlement, Mr. Bolen admits that as the Chief Financial Officer of Financial News Network, he pleaded guilty to one count of conspiracy, one count of securities fraud, and one count of bank fraud. He was denied permanently the privilege of appearing or practicing before the Securities and Exchange Commission as an accountant. Additionally, he practiced public accountancy and used the title of CPA during a period in which his license was expired.  | Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5055, 5100(a), (f), and (g).   |
| <b>COLBERT, LYNELL R.</b><br>Walnut, CA (CPA 47066)<br><br><b>Revocation of CPA Certificate,</b><br>via default decision.<br><b>Effective September 23, 1998.</b>    | Respondent was engaged and was paid \$5,900 to perform an annual audit for a corporate client; however, she never issued a final audit report. Respondent also failed to cooperate with the ensuing auditor, causing the corporate client to incur additional fees of \$8,015.<br><br>Respondent borrowed \$6,000 from a tax client, but she repaid the loan with checks that could not be honored due to insufficiency of funds in her account. Additionally, during a period when her CPA license was expired, Respondent conducted the practice of public accountancy using a fictitious name that she had not requested nor received Board approval to use. | Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5055, 5100(f) and (h). California Code of Regulations, Title 16, Division 1, §§ 66 and 67. |

## Disciplinary Actions

(Continued from page 15)

## Board Actions 5/9/98 through 9/23/98

### Revocation of CPA Certificate

| Name  | Cause for Discipline  | Code Violation(s)  |
|---|---|--|
| <b>HAND, CHARLES A.</b><br>Arcadia, CA (CPA 11719)<br><br><b>Revocation of CPA Certificate,</b><br>via default decision.<br><b>Effective August 27, 1998.</b>                 | On or about September 23, 1997, a Citation was issued to Mr. Hand. Mr. Hand failed to comply with the Citation; therefore, an Accusation was filed on June 4, 1998.   | Business and Professions Code, Division 3, Chapter 1, § 5100(f). California Code of Regulations, Title 16, Division 1, § 95.4.           |
| <b>HOUSTON, ROBERT J.</b><br>Beverly Hills, CA (CPA 19960)<br><br><b>Revocation of CPA Certificate,</b><br>via proposed decision.<br><b>Effective August 11, 1998.</b>        | On October 12, 1994, Mr. Houston pleaded guilty in United States District Court for the Central District of California to conspiracy (18 United States Court [USC] § 371), bank fraud (18 USC § 1344), and wire fraud (18 USC § 1343) in the matter of <i>United States of America v. Robert J. Houston</i> .   | Business and Professions Code, Division 3, Chapter 1, § 5100 (a).  |
| <b>SAFRONCHIK, PABLO RUBEN</b><br>Canby, OR (CPA 43444)<br><br><b>Revocation of CPA Certificate,</b><br>via stipulated settlement.<br><b>Effective June 22, 1998.</b>         | <p>Mr. Safronchik admits that he subjected his license to disciplinary action on the grounds of unprofessional conduct in that on or about December 9, 1996, he was convicted by the court by a plea of guilty of violating provisions of Title 18, USC, § 371, securities fraud in violation of 15 USC § 77 (q), (a), and 77x, and bank fraud, in violation of 18 USC § 1344.</p> <p>Mr. Safronchik admitted that the circumstances surrounding the conviction are substantially related to the qualifications, functions, and duties of a certified public accountant or public accountant in that they evidence a present or potential unfitness to perform the functions authorized by his certified public accountant license in a manner consistent with the public health, safety, or welfare.</p> | Business and Professions Code, Division 3, Chapter 1, §§ 490 and 5100 (a).   |
| <b>TAKASHIMA, RONALD TATSUNORI</b><br>San Diego, CA (CPA 15884)<br><br><b>Revocation of CPA Certificate,</b><br>via default decision.<br><b>Effective September 10, 1998.</b> | Mr. Takashima was ordered on October 11, 1995, to complete 40 hours of continuing education in specified subjects by November 30, 1996. He neither contested nor complied with the order. Further, Mr. Takashima was served with a citation on April 9, 1996, which included final orders of abatement. He neither contested nor complied with the order of abatement.  | Business and Professions Code, Division 3, Chapter 1, § 5100(f). California Code of Regulations, Title 16, Division 1, §§ 95.4 and 87.5. |



## Other Board Actions

(continued from page 16)

## Board Actions 5/9/98 through 9/23/98

| Name   | Cause for Board Action  | Code Violation(s)   |
|--|---|---|
| <b>HANSEN, DOUGLAS C.</b><br>Valencia, CA (CPA 22024)<br><br><b>Surrender of CPA Certificate,</b><br>via stipulated settlement.<br><b>Effective August 29, 1998.</b>                   | <p>In <i>Securities and Exchange Commission v. Douglas C. Hansen</i>, the Securities and Exchange Commission (SEC) alleged that from the first quarter of calendar year 1992 until on or after December 7, 1992, Mr. Hansen, as Chief Financial Officer of Huntway Partners, L.P. (Huntway), engaged in certain fraudulent practices. These practices caused the entity's quarterly financial statements filed with the SEC for the periods ended March 31, 1992, June 30, 1992, and September 30, 1992, to contain certain materially false and misleading statements designed to overstate Huntway's financial performance. The SEC further charged that, from October 1992 through early December 1992, Mr. Hansen engaged in "a check-kiting scheme" to disguise Huntway's worsening cash flow and liquidity problems.</p> <p>On January 26, 1995, Mr. Hansen consented to entry of a Final Judgment of Permanent Injunction whereby the SEC permanently barred him from practice before the SEC.</p>   | Business and Professions Code, Division 3, Chapter 1, § 5100(g) and (i).  |
| <b>HAYNES, BRAD B.</b><br>Los Angeles, CA (CPA 27208)<br><br><b>Revocation stayed, with three years' probation,</b><br>via stipulated settlement.<br><b>Effective August 29, 1998.</b> | <p>Mr. Haynes admits the truth of the allegations contained in the Accusation. The Accusation charges that Mr. Haynes's audits of Grand Capitol Mortgage and Investment Co., Inc., for the years ended December 31, 1992, and December 31, 1993, were grossly negligent. In particular, the auditor's reports were not in conformity with prescribed standards; the audited financial statements excluded statements of cash flow and disclosures required by Generally Accepted Accounting Principles; the work papers in support of the 1993 audit did not contain an audit program or other evidence of audit planning, documentation of Mr. Haynes's understanding of the elements of internal control structure, evidence that audit risk and materiality were considered, or evidence that Mr. Haynes performed an evaluation of subsequent events.</p> <p>Furthermore, the Accusation charges Mr. Haynes with gross negligence concerning his review of Dr. Israel S. Perlstein's Sleep Institute, Inc., for the year ended December 31, 1993. Mr. Haynes failed to document in his work papers the performance of analytical procedures and client inquiries, as required by applicable professional standards. In addition, Mr. Haynes engaged in the practice of public accountancy with an expired license from September 1, 1988, until April 13, 1993, and he failed to notify the Board of a change of address.</p> | Business and Professions Code, Division 3, Chapter 1, §§ 5050, 5055, 5062, 5100(c), (f), and (i).<br>California Code of Regulations, Title 16, Division 1, §§ 3 and 58. |

Probation terms include the following: At Mr. Haynes's expense, all audits and reviews performed by Mr. Haynes during the probationary period must be reviewed, before issuance, by another California licensee, to be approved by the Board, or its designated representatives; completion of a Board-approved ethics examination within the first year's probationary period; completion of 40 hours of continuing education courses, in addition to the minimum requirement for licensure, as determined by the Board, or its designated representatives; reimbursement of investigative and prosecution costs; other standard terms of probation.

## Future Board Meetings

### **November 20-21, 1998**

Radisson Miyako Hotel  
1625 Post Street  
San Francisco, California 94115

### **January 25-26, 1999**

Claremont Inn  
555 Foothill Boulevard  
Claremont, California 91711

### **March 19-20, 1999**

Wyndham Garden Hotel  
5990 Green Valley Circle  
Culver City, California 90230

### **May 13-14, 1999**

Radisson Miyako Hotel  
1625 Post Street  
San Francisco, California 94115

### **July 15-16, 1999**

U. S. Grant  
326 Broadway  
San Diego, California 92101

### **September 16-17, 1999**

Continental Plaza – LAX  
9750 Airport Boulevard  
Los Angeles, California 90045

### **November 18-19, 1999**

Radisson Miyako Hotel  
1625 Post Street  
San Francisco, California 94115

*Board meetings are open to the public.  
Licensees are encouraged to attend.  
For further information, please call the  
Board office at (916) 263-3680.*

## Future Committee Meetings

### **Administrative Committee**

#### **November 4-5, 1998**

Orange County Airport Hilton  
18800 MacArthur Boulevard  
Irvine, California 92715

#### **January 7, 1999**

Westin Hotel - LAX  
5400 W Century Blvd.  
Los Angeles, CA 90045

#### **April 22, 1999**

Radisson Miyako Hotel  
1625 Post Street  
San Francisco, CA 94115

#### **June 24, 1999**

Sheraton Harbor Island  
1380 Harbor Island Drive  
San Diego, CA 92101

#### **August 26, 1999**

Radisson Miyako Hotel  
1625 Post Street  
San Francisco, CA 94115

#### **November 3-4, 1999**

Orange County Area  
Location to be announced.

### **Report Quality Monitoring Committee**

#### **January 14, 1999**

Southern California  
Location to be announced.

### **Qualifications Committee**

#### **October 21-22, 1998**

Renaissance Hotel  
9620 Airport Boulevard  
Los Angeles, California 90045

#### **January 6-7, 1999**

Radisson Miyako Hotel  
1625 Post Street  
San Francisco, California 94115

## Disciplinary Terminology

|                                |  |
|--------------------------------|--|
| <b>Effective Decision Date</b> | The date the disciplinary action goes into operation.  |
| <b>Probation</b>               | The licensee may continue to practice under specific terms and conditions.   |
| <b>Revocation or Revoked</b>   | The right to practice is ended.  |
| <b>Stayed</b>                  | The revocation or suspension is postponed.   |
| <b>Suspension</b>              | The licensee is prohibited from practicing for a specific period of time.  |
| <b>Surrender of License</b>    | The licensee turns in the license while charges are still pending. The right to practice is ended. Surrender also may require certain conditions to be met should practitioner ever choose to reapply for licensure. |

# Address Change Form

Please *Print* only one character per space — maximum 30 characters per line. A separate change of address form must be submitted for each license type.

Individual (CPA/PA) ☐ Partnership ☐ Corporation ☐ License Number \_\_\_\_\_

Name of Licensee

or

Name of Firm

\_\_\_\_\_  
Last First Middle

\_\_\_\_\_  
Business Name

## Address of Record

Be advised that your address of record is public information, and all Board correspondence will be sent to this address.

Home ☐ Business ☐  
(check one)

\_\_\_\_\_  
Business Name (if different from name above)

\_\_\_\_\_  
Street Apt. or Suite #

\_\_\_\_\_  
City State Zip

## Other Address

Complete this section only when the address of record is a mail drop or a Post Office Box.

Home ☐ Business ☐  
(check one)

\_\_\_\_\_  
Street Apt. or Suite #

\_\_\_\_\_  
City State Zip

Daytime Phone \_\_\_\_\_  
Area Code

Date of Birth \_\_\_\_\_  
Mo. Day Year

I certify the truth and accuracy of all of these statements and representations.

Signature of Licensee,

Licensed Partner, or

Licensed Shareholder \_\_\_\_\_ Date \_\_\_\_\_

Print your name \_\_\_\_\_

A licensee who fails to notify the Board of Accountancy within 30 days of a change in his/her address of record may be subject to citation and fine (fines ranging from \$100–\$1,000) under the California Code of Regulations, Title 16, Division 1, Sections 3 and 95.2.

The Board maintains a list of all licensees. This list is sold to requestors for mailing list purposes. Check here **only** if you do **not** want your name included on this list. ☐

## Board of Accountancy Telephone Directory

|  |  |
|--|--|
| Board Office .....   | (916) 263-3680   |
| Renewal for CPA/PA, Partnerships, Corporations .....           | (916) 263-3798 or 263-3799                                 |
| Retired Status .....   | (916) 263-3798 or 263-3799                                 |
| Continuing Education .....                                     | (916) 263-3935   |
| Government Audit .....   | (916) 263-3934   |
| Licensing – Partnerships, Corporations, Fictitious Names ..... | (916) 263-3948   |
| Licensing – Reissuance—Individual:                             |  |
| Last name begins with: A-G .....                               | (916) 263-3946   |
| H-Q .....  | (916) 263-3945   |
| R-Z .....  | (916) 263-3947   |
| Certifications .....   | (916) 263-3949   |
| General Examination Questions .....                            | (916) 263-3953 or 263-3958                                 |
| Web Site Address .....   | <a href="http://www.dca.cba.ca.gov">www.dca.cba.ca.gov</a> |

*If you have questions concerning the Ethics Exam,  
please call the California Society of CPAs: (800) 922-5272 or (650) 802-2222*

Department of Consumer Affairs  
**California Board of Accountancy**  
**UPDATE Issue #39**  
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